

November 18, 2003

Memorandum

To: Assistant Directors for Administration

From: Debra E. Sonderman, Director **/signed/**
Office of Acquisition and Property Management

Subject: **Fiscal Year (FY) 2004 Performance Assessment/Management Control
Guidance for Acquisition and Property Management**

This memorandum transmits the Department's FY 2004 acquisition and property management performance assessment/management control review requirements in accordance with the Office of Financial Management's Guidelines for FY 2004 Management Control and Audit Follow-up Programs, dated November 10, 2003. The Departmental Functional Reviews (DFRs) required by the Office of Acquisition and Property Management (PAM) during the FY 2004 reporting cycle are in the areas of acquisition, property management, and museum property accountability.

Acquisition Performance/Management Control Reviews and Assessments

Bureaus are responsible for performing annual management control assessments/reviews of 25 percent their contracting activity (this includes all headquarters, Regional, and field activities where contracting officers warrants are maintained) over a four-year period, so that by the end of four years, 100 percent of the contracting activity will have been reviewed, assessed, and applicable corrective actions taken. In accordance with Office of Management and Budget Circular A-123, Management Accountability and Control, guidance, reviews/assessments will be conducted to ensure that:

- Bureau contracting programs are achieving their intended results;
- Resources are used consistent with bureau mission;
- Resources are protected from waste, fraud, and mismanagement;
- Laws and regulations are followed; and
- Reliable and timely acquisition management information is maintained, reported and used for decision-making

As appropriate, corrective action plans must be developed, implemented, and tracked for deficiencies identified in the course of reviews/assessments. Managers should complete, within established timeframes, all actions that correct or otherwise resolve the appropriate matters identified in review reports.

The Department of the Interior Acquisition Management Review (AMR) Handbook is being revised. Until a revised handbook is issued, bureaus may use their own AMR guidance or the six Quality in Contracting (QUiC) Acquisition Quality Review Module checklists (available by accessing: <http://www.doi.gov/pam/acqual.html>) as guides in performing the reviews.

Surveys/interviews with program customers, procurement employees, and procurement managers should be included as part of the review process. In order to avoid possible survey saturation and duplication of effort, applicable results from bureauwide surveys of DOI employees, customers, clients, and partners may be used. Electronic copies of the Acquisition Managers' Partnership-approved survey questionnaires for Procurement Managers, Procurement Employees, and Program Office Customers are available from the Office of Acquisition and Property Management and may be used in the absence of, or to supplement other bureau-wide survey instruments.

Bureauwide FY 2004 annual management control assessment reports for acquisition are due to the Office of Acquisition and Property Management by **Friday, July 16, 2004**. Assessment reports must include the following:

- Summary findings of acquisition management reviews performed and corrective action plans implemented (including timeframes for complete implementation of corrective actions);
- Business-related "best practices" identified in the course of reviews or through knowledge gained from the contracting activity's daily operations during the reporting cycle that can be shared within and among DOI bureaus as a means of improving productivity, effectiveness, and efficiency;
- Summary findings of applicable Office of Inspector General (OIG) (this includes audits and Notices of Finding and Recommendations (NFR) prepared by third parties working for the OIG) and General Accounting Office (GAO) reports (including audits, inspections, and reviews) and corrective plans implemented (including timeframes for complete implementation of corrective actions);
- Bureauwide targeted review and supplementary reports (see Attachment for targeted review and supplementary reporting requirements for FY 2004); and
- Assurance statement as to the adequacy of management controls within the bureau's contracting activity based on the assessment.

Bureau acquisition managers must coordinate issuance of their annual management control assessment report with their respective Bureau Management Control Coordinator and ensure that their reports are signed by the Assistant Director - Administration, or bureau equivalent, prior to submission to PAM by **Friday, July 16, 2004**.

Bureau acquisition managers must provide PAM with a description of their bureau's acquisition compliance review plans for FY 2004 by **Monday, December 1, 2003**. The

plans should: (1) specifically identify the headquarters, Regional, and field level activities to be reviewed during the reporting cycle; and (2) acknowledge targeted review requirements.

NEW REPORTING REQUIREMENT TO BE AWARE OF: In accordance with the Improper Payments Information Act of 2002, Public Law 107-300, a new Risk Assessment for Improper Payments review and reporting requirement is being implemented during the FY 2004 reporting cycle. Under the new program:

- Bureaus/offices must review all programs and activities, and identify those which are susceptible to significant erroneous payments, i.e., annual improper payments in the program exceeding *both* 2.5% of program payments and \$10 million;
- Perform a statistically valid estimate of the annual amount of improper payments for programs and activities determined to be susceptible to significant improper payments;
- Prepare and implement a plan to reduce improper payments; and
- Report estimates of the annual amount of improper payments in the programs and activities and progress in reducing them in bureau/office annual Performance and Accountability Reports.

While this new review and reporting requirement is applicable primarily to programs, bureau/office acquisition and financial assistance staffs may be asked to provide support to their program offices in gathering data, completing risk assessments, and developing plans to reduce improper payments. Bureau-specific information regarding the conduct of risk assessments for improper payments during the FY 2004 reporting cycle will be provided through Bureau Chief Financial Officers and Management Control Liaison officials.

Procurement Data Reporting

Federal agencies are required to submit complete, timely and accurate data to the Federal Procurement Data System-Next Generation (FPDS-NG). PAM continues to monitor procurement data accuracy, and reserves the right to expand or reduce special reporting requirements of bureaus with identified FPDS reporting weaknesses.

Personal Property Performance Assessments

Bureaus are responsible for performing annual management control assessments/reviews of 25 percent their property management program (this includes all headquarters, Regional, and field activities) over a four-year period, so that by the end of four years, 100 percent of the bureau's property management program will have been reviewed, assessed, and applicable corrective actions taken. In accordance with Office of Management and Budget Circular A-123, Management Accountability and Control, guidance, reviews/assessments will be conducted to ensure that:

- Bureau property management programs are achieving their intended results;
- Resources are used consistent with bureau mission;
- Resources are protected from waste, fraud, and mismanagement;
- Laws and regulations are followed; and
- Reliable and timely property management information is maintained, reported and used for decision-making

As appropriate, corrective action plans must be developed, implemented, and tracked for deficiencies identified in the course of reviews/assessments. Managers should complete, within established timeframes, all actions that correct or otherwise resolve the appropriate matters identified in review reports.

The Department of the Interior Property Management Review Guideline (PMR) is being revised. Until a revised guideline is issued, bureaus may use their own PMR guidance or checklists in performing the reviews. (Copies of the *existing* DOI PMR Guideline are available upon request to Chris MacArthur, Office of Acquisition and Property Management.)

Surveys/interviews with program customers, property employees, and property managers should be included and addressed as part of the review process. In order to avoid possible survey saturation and duplication of effort, applicable results from bureauwide surveys of DOI employees, customers, clients, and partners may be used. Please consult your bureau/office Department of the Interior Customer Service Forum representative regarding bureau/office survey plans for FY 2004.

Bureauwide FY 2004 annual management control assessment reports for property management are due to the Office of Acquisition and Property Management by **Friday, July 16, 2004**. Assessment reports must include the following:

- Summary findings of property management reviews performed and corrective action plans implemented (including timeframes for complete implementation of corrective actions);
- Business-related "best practices" identified in the course of reviews or through knowledge gained from the property program's daily operations during the reporting cycle that can be shared within and among DOI bureaus as a means of improving productivity, effectiveness, and efficiency;
- Summary findings of applicable Office of Inspector General (OIG)(this includes audits and NFRs prepared by third parties working for the OIG) and General Accounting Office (GAO) reports (including audits, inspections, and reviews) and corrective plans implemented (including timeframes for complete implementation of corrective actions);
- Bureauwide targeted review reports (see Attachment for targeted review requirements for FY 2004); and

- Assurance statement as to the adequacy of management controls within the bureau's property management program based on the assessment.

Bureau property managers must coordinate issuance of their annual management control assessment report with their respective Bureau Management Control Coordinator and ensure that their reports are signed by the Assistant Director - Administration, or bureau equivalent, prior to submission to PAM by **Friday, July 16, 2004**.

Bureau property managers must provide PAM with a description of their bureau's property compliance review plans for FY 2004 by **Monday, December 1, 2003**. The plans should: (1) specifically identify the headquarters, Regional, and field level activities to be reviewed during the reporting cycle; and (2) acknowledge targeted review requirements.

Museum Property Accountability

During the FY 2004 management control reporting cycle, bureaus/offices will be required to perform targeted reviews of the museum property activities and provide the Office of Acquisition and Property Management with resulting reports by **Friday, July 16, 2004**.

The targeted review of museum program activities is designed to evaluate overall implementation of Part 411 of the Departmental Manual. The targeted review questions do not replace the requirement for the Bureau Museum Property Management Summary Report required by 411DM2.3B. A separate memorandum to be issued at a later date will call for the Summary Report.

Bureau museum property managers must provide PAM with a written acknowledgement of the targeted review requirements by **Monday, December 1, 2003**.

If additional information is required, your staff may contact Patricia Corrigan at 202-208-1906 (acquisition), Chris MacArthur at 202-208-6649 (personal property management), or Ronald C. Wilson (museum property) at 202-208-3438.

Attachments

cc: Director, Office of Financial Management
Bureau/Office Management Control Coordinators
Acquisition Managers' Partnership
Property Management Partnership
Interior Museum Property Committee
Museum Program Executive Program Committee

ATTACHMENT

FY 2004 TARGETED REVIEW REQUIREMENTS**I. Acquisition****All Bureaus:****A. Follow-up: Bureau/Office policies and practices related to periodic review and adjustment of the number of their cardholders with purchase authority and cardholder credit limits.**

The following targeted review is based on recommendations contained in a 2001 Office of Inspector General report on the Integrated Charge Card Program's purchase business line; and is a follow-up to the results of bureau/office targeted reviews conducted during the FY 2002 management control reporting period. The follow-up targeted review requires bureaus/offices to assess their respective number of cardholders who need to have the purchase business line available (both stand-alone and as combined with travel) for official purchases under the integrated SmartPay charge card and cardholder credit limits, *taking into consideration* needs associated with field season, fire management, law enforcement and investigations, resource management, purchases associated with TDY travel and other operational support purchasing needs, *and* make adjustments, as appropriate to the number of cardholders and their related credit limits.

The information provided through this targeted review will be compared with bureau/office submissions in response to the FY 2002 targeted review requirement to ensure that procedures have been implemented for the periodic review of purchase cardholder numbers and credit limits.

In responding to this requirement, bureaus will:

1. Identify the number of employees in the bureau (Please include permanent seasonal employees. Do not include vacancies.) and the date on which the count was made. For example, "As of August 1, 2004, the NPS had XXXXX employees."
2. Identify the (1) number of cardholders in the bureau who have the purchase business line available (both stand-alone and as combined with travel), and, from that universe, the number of purchase cardholders who have convenience check writing privileges; and (2) the date on which the count was made. For example, "As of August 1, 2004, XXXXX NPS employees had purchase authority; XXXX had combined purchase and travel authority; and XXX purchase cardholders had convenience check writing privileges."

3. Describe any established bureau policies or approaches to determining the number of cardholders with purchase authority, convenience check writers, and cardholder credit limits needed for efficient operations in the bureau.
4. Does your bureau have an established policy requiring the cyclical review of its number of purchase cardholders and convenience check writers? If so, what is the frequency of review?
5. Describe the methodology used in performing the targeted review assessment, i.e., *how* did you assess the minimum number of cardholders with purchase authority, convenience check writers, and cardholder credit limits needed for efficient operations in your bureau for the purposes of responding to this review requirement. Identify bureau mission needs and any special operational requirements that were considered.
6. Indicate when the assessment was performed, and by what organizational unit. For example, "The assessment was performed by the bureau Agency/Organization Program Coordinator, Washington, D.C. between March and June 2004."
7. Indicate whether, as a result of the assessment, any adjustments have or will be made in the number of cardholders with purchase authority, convenience check writers, and cardholder credit limits in the bureau.
8. Identify the number of cardholders and convenience check writers affected by the adjustment. For example, as a result of our assessment of bureau purchase authority needs, purchase authority was reduced by XXX (number)/XXX (percent) bureau-wide. Convenience check writing privileges were reduced by XXX (number)/XXX (percent). Cardholder credit limits were reduced by XXX (number)/XXX (percent). **Both numbers and percentages are mandatory.**

B. Departmentwide Contracting Officers Warrant System Survey

The following targeted review/survey is a follow-up to one conducted during the FY 2000 management control reporting cycle.

1. Indicate the total number of active permanent contracting officers' warrants, by warrant level, in your bureau/office, and the date on which the count was made. For example, "As of August 1, 2004, the NPS had XXX Level IV active contracting officers' warrants."
2. Indicate the total number of active interim contracting officer's warrants, by warrant level, in your bureau/office, and the date on which the count was made.
3. Indicate the number of warrant deviations granted to your bureau/office to date since August 2000.

4. Survey your bureau, and by warrant level, provide the ratio of simplified acquisitions and/or contracts transactions (exclude micropurchases) awarded and administered by warranted contracting personnel in your bureau/office at each of the following locations:

- a. Headquarters
- b. Regional Office
- c. Field Level

For example:

Level	Location	Transaction Type	Ratio
Level IV	Headquarters	Contracts	35: 1
Level IA	Field Locations	Simplified Acq.	25:1

5. Indicate the number of warrants suspended and terminated for cause in your bureau/office since August 2000. Separately indicate those terminated versus the warrants that were suspended.

In Addition to the Above, Supplementary Reporting Requirements Specific To:

Bureau of Indian Affairs

Provide update on:

1. Establishing an Acquisition Review process to ensure transaction compliance and quality; and
2. Publication of Buy Indian Act regulations.

II. Property Management

All Bureaus

A. Real Property Financial Management

Bureaus/offices shall provide responses to the following questions regarding real property financial management:

1. Has your bureau implemented all portions of the Real Property Financial Management Policy dated May 23, 2003? If not, what portions have yet to be implemented?
2. Describe any training that has been provided to employees within your bureau/office in implementing the Real Property Financial Management Policy?
3. Have all individuals with real property responsibilities received training on the Real Property Financial Management Policy? If not, please describe your bureau/office Real Property Financial Management Policy training plans.

4. What is the status of your bureau's/office's five-year real property inventories/condition assessments?
5. What is the current capitalization threshold for real property in your bureau/office?
6. Does your bureau/office real property system reconcile with the financial general ledger accounts? How often? Were there any discrepancies? If so, indicate by how much, and what was the discrepancy's cause?
8. Are all capitalized real property items documented?

B. Museum Property

The following targeted review of museum program activities is designed to evaluate overall implementation of Part 411 of the Departmental Manual. The targeted review questions do not replace the requirement for the Bureau Museum Property Management Summary Report required by 411DM2.3B. A separate memorandum to be issued at a later date will call for the Summary Report.

1. Provide copies of bureau-wide policy guidance documents for managing your bureau's/office's museum property. [411DM1.3D(4)]
2. Provide a complete copy of your most recent Bureau Museum Property Management Plan. [411DM2.1A]
3. Describe the automated systems used to track your museum property.
 - a. How many locations are served by the system?
 - b. To what extent do system(s) currently used meet departmental documentation standards [411DM3.4]?
 - c. What issues prevent full implementation of the system for all locations that house bureau museum property?
4. Of the number of "bureau units" and "other locations" reported to house museum property in 2003, how many have a unit-level Museum Property Management Survey completed within the past five years? [411DM2.1B(5)]
5. Of the number of "bureau units" and "other locations" reported to house museum property in 2003, how many have a Scope of Collection Statement approved by the bureau's designated official? [411DM2.1B(1)]
6. Of the number of "bureau units" and "other locations" reported to house museum property in 2003, how many have a Collection Management Plan approved by the bureau's designated official? [411DM2.1B(2)]

7. Of the number of “bureau units” and “other locations” reported to house museum property in 2003, how many have an Emergency Management Plan for museum property? [411DM2.1B(3)]
8. Of the number of “bureau units” and “other locations” reported to house museum property in 2003, how many have conducted Conservation Survey(s) and how many have determined Conservation Survey(s) not to be needed? [411DM2.1B(4)]
9. Describe the extent to which your bureau complies with the Department’s Inventory Standards. [411DM3.4C]
10. How are museum property data reported to the Department validated?
11. What are the current funding and staffing levels for all museum property management activities of the bureau?
 - a. Are current funding and staffing levels adequate to meet the needs of all bureau museum property?
 - b. If not, what funding and staffing levels would be adequate?
12. To what extent do all bureau programs that generate museum property collections fund the initial processing (cataloging and preparation for long-term storage) of the collections generated?
13. To what extent does your bureau fund collection management activities at non-federal institutions that house bureau collections?
14. Of the number of “bureau units” and “other locations” reported to house museum property in 2003, how many house museum property in facilities located in a flood plain?
15. Of the number of “bureau units” and “other locations” reported to house museum property in 2003, how many have a fire detection/suppression system to protect both the people and museum property that occupy the space? [411DM3.2C and 411DM3.3A]
16. Of the number of “bureau units” and “other locations” reported to house museum property in 2003, how many use an appropriate combination of mechanical and electronic security systems? [411DM3.2B and 411DM3.3A]

Bcc:PAMrdg/subjfile:11/03-17/03(O:/Corrigan/2004 Mgt Ctrl Guidance)